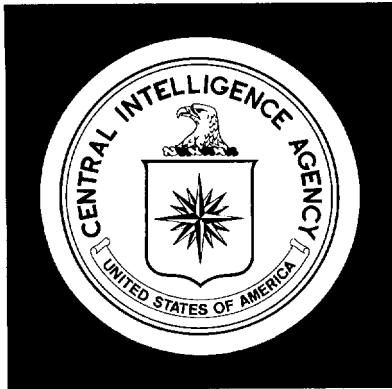


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TURKEY: Tekin Ariburun became acting president today, but no solution to the long deadlock over the presidency is yet in sight.

Ariburun, Justice Party member and presiding officer of the upper house, will serve as head of state until parliament elects a successor to President Sunay. The next round of voting is scheduled for 30 March, following a pro forma eleventh ballot yesterday. Party leaders are reported to be far apart on how to proceed.

The military will not be disposed to permit Ariburun to serve for an extended period. Ariburun, air force commander at the time of the May 1960 military coup, declined to join the revolution and subsequently was held in custody for more than a year. His wife, a member of parliament and the disbanded Democratic Party in 1960, was imprisoned for four years and does not yet have full political rights. The military's dislike of Ariburun was compounded by his outspoken criticism of the military's intervention in politics in March 1971.

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WEST GERMANY: Labor unrest is threatening the government's anti-inflation program.

Union leaders thus far have heeded government appeals for wage restraint, but militancy is increasing among the rank and file. The moderate wage agreement last January in the metal working industry--calling for pay increases averaging 8.5 percent--was ratified by the Rhineland-Westphalia steelworkers only because dissidents were unable to marshal the necessary three-fourths vote in opposition. Since then, there have been growing rumblings over rocketing food prices, which have increased 8.5 percent in the past year, and rapidly rising rents and other service costs. Labor is also complaining about the size of corporate profits. Since the metal industry settlement, workers at two of West Germany's principal iron and steel producers have staged wildcat strikes for higher wages.

Major wage negotiations are coming up in the chemicals, construction, and textile industries. Since the economic boom is accelerating and the labor market is becoming increasingly tight, labor will hold out for wage increases in the range of 10-15 percent, far in excess of any probable rise in labor productivity. Because strong domestic and foreign demand probably will permit industry to pass on cost increases to the consumer, management is likely to meet labor's demands rather than risk prolonged strikes. In the absence of government controls over wages and prices, which have not been seriously considered thus far, there is little prospect of reducing the rate of inflation this year. [redacted]

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THE NETHERLANDS: The failure of the Labor Party to form a Grand Coalition with the confessional parties leaves Dutch politicians in a quandary.

The parliamentary groups of the Catholic People's Party and the Anti-Revolutionary Party decided on 27 March to end negotiations with government formateur and Labor Party leader Jacob Berger. He was trying to garner additional votes by enticing both confessional parties away from their traditional ally, the Christian Historical Union. The latter's decision last week to opt for an opposition role ultimately caused the Catholics and the Anti-Revolutionaries to follow suit. Both parties had supported the Christian Historical demand for an extra portfolio in the cabinet and wanted to probe in detail the leftist draft government program, especially projected cuts in defense spending. Pressure within the Labor Party prevented Berger from making concessions on these points.

Berger now has only two choices. He can endorse the formation of a minority government of the three leftist parties, or he can resign his mandate as formateur. However, a minority government, even with the tacit support of some Catholics and a handful of Communists, could not long endure. The Liberal Party has already decided to table an immediate no-confidence motion against any Labor-led coalition. Should such a coalition survive, it would still face grave obstacles in passing its legislative program.

The impasse is now in its 120th day. Relations among the confessional parties have been strained by Labor's splitting tactics, and the chances of restoring a center-right coalition with the Liberals are almost nil. New elections are unpalatable to nearly all parties and political leaders may resort to an extra-parliamentary government to overcome the political deadlock.

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BURMA-JAPAN: Japan, Rangoon's principal source of foreign credit, is becoming increasingly concerned over Burma's poor economic position and its ability to repay additional loans. Tokyo is undertaking a comprehensive study of Burma's economic situation before making official a new \$25-million commodity loan. Burma's foreign exchange reserves had declined to \$43 million by January, the lowest level in at least 25 years. Rangoon has been unable to procure much rice for export because drought has reduced production and open market prices in Burma are double the government's procurement price. Tokyo is likely to continue to give substantial aid to Burma, but may attempt to use its aid as a lever to influence Rangoon's economic policies.

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IRAN-USSR: Moscow's recent agreement to provide an additional \$190 million for Iran's Isfahan steel mill and associated facilities brings total Soviet commitments for the project to more than \$500 million. This is more than Moscow has extended for any other economic aid project in the less-developed countries. With total Soviet aid commitments of nearly \$800 million, Iran ranks fourth among the 51 less-developed countries receiving Soviet economic aid. The new agreement was signed during Premier Kosygin's mid-March visit to attend the formal inauguration of the steel mill, which began production in 1972. The new credit, together with about \$85 million in outstanding credits, will be used to raise the mill's annual capacity from 600,000 tons to 1.9 million tons by 1975. The mill's capacity will eventually be increased to 4 million tons annually. An understanding was also probably reached for increasing the price and quantity of Iranian natural gas deliveries to the USSR, used to repay much of Tehran's aid debt to Moscow.

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